



LG&E Energy LLC
220 West Main Street (40202)
P.O. Box 32030
Louisville, Kentucky 40232

August 20, 2004

RECEIVED

AUG 20 2004

**PUBLIC SERVICE
COMMISSION**

Elizabeth O'Donnell
Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
Frankfort, Kentucky 40601

**RE: *AN EXAMINATION OF THE APPLICATION OF THE FUEL
ADJUSTMENT CLAUSE OF LOUISVILLE GAS AND ELECTRIC
COMPANY FROM NOVEMBER 1, 2003 THROUGH APRIL 30, 2004
CASE NO. 2004-00214***

Dear Ms. O'Donnell:

Please find enclosed and accept for filing the original and five (5) copies of the Response of Louisville Gas and Electric Company to the Commission Staff's Interrogatories and Requests for Production of Documents dated August 6, 2004, in the above-reference matter.

Should you have any questions concerning the enclosed, please contact me at your convenience.

Sincerely,

Robert M. Conroy
Manager, Rates

Enclosures

cc: Parties of Record

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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AUG 20 2004

PUBLIC SERVICE
COMMISSION

In the Matter of:

AN EXAMINATION OF THE)
APPLICATION OF THE FUEL)
ADJUSTMENT CLAUSE OF) CASE NO. 2004-00214
LOUISVILLE GAS AND ELECTRIC)
COMPANY FROM NOVEMBER 1, 2003)
THROUGH APRIL 30, 2004)

RESPONSE OF
LOUISVILLE GAS AND ELECTRIC COMPANY
TO
COMMISSION STAFF'S INTERROGATORIES
AND REQUESTS FOR PRODUCTION OF DOCUMENTS
DATED AUGUST 6, 2004

FILED: AUGUST 20, 2004

LOUISVILLE GAS AND ELECTRIC COMPANY

**Response to Commission Staff's Interrogatories
and Requests for Production of Documents
Dated August 6, 2004**

Case No. 2004-00214

Question No. 1

Witness: John Malloy

- Q-1. Refer to Item 5 of the response to the commission's June 23, 2004 Order.
- a. In the response, there are several references to tube leaks being the cause of outages at various units. Provide a comparison of the number and duration of outages due to tube leaks in the current review period with the number and duration of forced outages due to tube leaks in each of the two previous review periods.
 - b. On page 14 of the response, a forced outage of 57:10 hours occurred due to contractor error. Explain whether LG&E has received, or expects to receive, compensation for the outage from the contractor.
- A-1.
- a. The table on the following page shows a comparison of outages due to boiler tube failures for the current and the past two review periods.
 - b. This outage of 57:10 hours was shown for both Trimble County 5 and 6 (pages 13 and 14 of Item 5 response to the June 23, 2004 Order). LG&E has not received any compensation for this outage on Trimble County CT units 5 or 6. The contractor initially requested an outage in September to do the tie-in for combustion turbines 7-10 at Trimble County (which were under construction at the time). The station requested that the tie-in be postponed until a weekend in November when the weather would be cooler and load demands would be sufficiently low so as not to require the use of the combustion turbines. This request was granted. This planned outage resulted in a forced outage when two minor weld defects were found in a gas line elbow installed as part of the planned outage.

Boiler Tube Failure (BTF) Comparisons

Durations in Hrs:Min:Sec

Unit	Outage Type	Current Period Nov 03 - Apr 04		Prior Period May 03 - Oct 03		One Year Ago Nov 02 - Apr 03	
		# of Outages	Total Duration	# of Outages	Total Duration	# of Outages	Total Duration
CR4	FO	3	124:32:00	1	32:14:00	0	0:00:00
	MO	3	116:30:00	3	76:18:00	0	0:00:00
CR5	FO	2	32:41:00	0	0:00:00	2	61:43:00
	MO	2	87:55:00	4	186:59:00	2	37:15:00
CR6	FO	2	33:23:00	2	102:46:00	1	47:23:00
	MO	2	131:05:00	0	0:00:00	2	42:49:00
MC1	FO	4	185:26:00	0	0:00:00	0	0:00:00
	MO	1	77:06:00	4	131:37:00	3	127:09:00
MC2	FO	3	101:25:00	2	73:58:00	8	253:09:00
	MO	0	0:00:00	2	86:35:00	2	87:07:00
MC3	FO	5	178:05:00	2	67:54:00	1	33:53:00
	MO	4	223:27:00	1	84:07:00	1	53:45:00
MC4	FO	0	0:00:00	3	170:45:00	2	178:57:00
	MO	1	49:26:00	3	174:12:00	2	94:53:00
TC1	FO	1	33:33:00	0	0:00:00	4	171:54:00
	MO	1	52:53:00	0	0:00:00	3	108:57:00
SubTotal	FO	20	689:05:00	10	447:37:00	18	746:59:00
	MO	14	738:22:00	17	739:48:00	15	551:55:00
TOTALS	All BTF	34	1427:27:00	27	1187:25:00	33	1298:54:00

LOUISVILLE GAS AND ELECTRIC COMPANY

**Response to Commission Staff's Interrogatories
and Requests for Production of Documents
Dated August 6, 2004**

Case No. 2004-00214

Question No. 2

Witness: Mike Dotson

- Q-2. Refer to Item 6 of the response to the June 23, 2004 Order. Two contracts are shown that are due to expire during the remainder of 2004. Explain LG&E's plans for replacing the tonnage lost due to the expiration of the contracts.
- A-2. LG&E issued a written solicitation dated April 14, 2004 for high sulfur coal (term and spot). Purchases will be made from the bids received in response to the written solicitation and unsolicited offers received during the year. The Company is currently in negotiations for replacement tonnage for contracts expiring during 2004.

LOUISVILLE GAS AND ELECTRIC COMPANY

**Response to Commission Staff's Interrogatories
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Case No. 2004-00214

Question No. 3

Witness: Mike Dotson

Q-3. Refer to Item 9 of the response to the June 23, 2004 Order. LG&E increased its coal inventory to reduce possible shortfalls from the risk of Kindell Mining's ("Kindell") parent company declaration of bankruptcy. Provide a description of Kindell's current financial status. Include therein the status of any Kindell subsidiaries or affiliates from which LG&E receives coal.

A-3. Horizon Natural Resources, the parent company of Kindill Mining is in chapter 11 Bankruptcy. As of August 16, 2004 the Kindill Mining contract has not been rejected in Bankruptcy and Kindill Mining continues to ship coal to LG&E. The coal deliveries from Kindill Mining have been on a timely basis until one of the two operating draglines at the mine stopped operating due to a mechanical problem. This dragline failure, a force majeure event under the contract, occurred at the mine on June 3, 2004, LG&E continues to receive a pro rata portion of the contractual coal commitment from Kindill Mining.

Horizon Natural Resources is currently working on a plan of reorganization. The status of the Kindill Mine under the reorganization plan is unknown.

LG&E does not receive any coal from any other subsidiaries or affiliates of Horizon Natural Resources.

It is LG&E's understanding that the high bid for the assets of Horizon Natural Resources was offered by a New York-based company on Tuesday, August 17, 2004 and that the bankruptcy judge has until August 31, 2004 to accept or reject the bid.